

ROTHERHAM BOROUGH COUNCIL
REPORT TO CABINET MEMBER MEETING

1.	Meeting:	Deputy Leader
2.	Date:	10th September 2012
3.	Title:	Employee Benefits
4.	Directorate:	Resources

5. Summary

This report provides information regarding the introduction of an employee voluntary benefit scheme.

6. Recommendations

The the Deputy Leader is asked to support the consolidation of the Council's employee benefit offerings in a new combined scheme using the Eastern Shires Purchasing Organisation framework.

7. Proposals and Details

Background

The national position on public sector pay freezes has resulted in the Council's workforce not receiving a pay award since 1st April 2009 (Chief Officer's since 1st April 2008).

To help employees recognise the Council as a 'good' employer and to help pay stretch further the Council provides employees with the option to take advantage of a number of flexible benefits. For example tax efficient salary sacrifice schemes are currently offered for Childcare Vouchers, car parking and, car leasing. These salary sacrifice schemes not only save the employee money through reduced Tax and National Insurance contributions but also the Council, £120k in 2011/12.

Employee's further benefits include additional leave purchase, access to local shop discounts and discounts at national chains on the nationally-run 'Local Authorities discount' website.

These additional voluntary benefit schemes typically comprise of a selection of a range of products and services paid for by staff out of their own taxed income are popular both in the private and public sectors. Providers working in this market place use their buying power to secure discounts on a wider range of different products and services for companies to offer to their staff. Some examples of these additional benefits include retail vouchers, supermarket discounts, CD's, DVD's, travel insurance, holidays and travel, cinema and theatre tickets, entrance to theme parks and other attractions.

The Eastern Shires Purchasing Organisation (ESPO), a local authority purchasing consortium operating through the Midlands and East of England, has established a framework agreement which allows local authorities to introduce a variety of employee benefits without the need for any lengthy EU procurement procedures.

Benefits currently on offer through the agreement branded as 'Wider Wallet' include discounts in respect of major high street chains and entertainment providers such as Argos 6%, ASDA 4%, BHS 8%, M&S 5%, and WH Smith 8%, Cineworld 10%, Disney on Ice 20% and iTunes 5%, . These savings are delivered in a variety of ways such as voucher purchase, cash back on purchases or charge cards which can be topped up by employees on an as and when basis.

Childcare Vouchers are a core element of the framework and the designated provider of this service within the agreement is Kiddivouchers. This company is the Council's existing Childcare Voucher provider. Any signatory to the agreement will be offered a reduced administrative charge by Kiddivouchers. Currently the Council pays Kiddivouchers a 2.1% administrative charge but this will be reduced by them to just 1% effective from the date of entering into the framework agreement.

The ESPO scheme has a one off set up cost of £2,500 which would be offset by the reduced cost of providing Childcare Vouchers through the framework. Annual ongoing costs of £0.30 per employee (leading competitor recently quoted us £8 per head) are also waived whilst ever we use the child care provider included in the framework.

The Council's existing contract with Kiddivouchers is due to expire in September of this year meaning that another formal tendering process would be required. Introducing the framework would therefore negate the need to re-tender for a child care voucher provider and avoid the time resource investment and associated costs that would have been incurred with such an exercise.

The launch of the framework will provide an opportunity to publicise our existing employee benefits and help to offset any negative perceptions generated by ongoing pay restraint and local measures such as the increment freeze.

Cabinet Member is asked to approve the introduction of the ESPO voluntary benefits scheme.

8. Finance

There are no financial implications from the introduction of the ESPO voluntary benefits scheme. The reduced Childcare Voucher administrative charge, estimated to save the Council £6k per annum, will more than cover any administrative implementation costs in the first year without any further costs thereafter.

The salary sacrifice and benefit arrangements currently in place help to reduce the Council's Employer National Insurance contributions. In 2011/12 this contributed to saving the Council around £120k.

9. Risks and Uncertainties

A failure to introduce effective pay and rewards will impact upon the Council's ability to recruit, retain and motivate employees.

10. Policy and Performance Agenda Implications

The way we do business: Right people, right skills, right place, right time, reducing bureaucracy and getting better value for money.

11. Background Papers and Consultation

- a)** SLT Budget Reports
- b)** LGE National Pay Award negotiations

Contact Name:

**Phil Howe
Director of Human Resources
Ext. 23716**

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